

**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS**

City of Chicago, City and County of Denver
Ans Pima County,

Plaintiffs,

v.

United States Department of Homeland Security; Kristi
Noem, in her official capacity as Secretary of the United
States Department of Homeland Security; United States
Federal Emergency Management Agency; and David
Richardson, in his official capacity as Acting
Administrator of the United States Federal Emergency
Management Agency,

Defendants.

Case No.: 1:25-cv-05463

DECLARATION OF JOSE PONCE MARTINEZ

I, José Ponce Martinez, declare as follows:

1. I am a resident of the State of Illinois. I am over the age of 18 and have personal knowledge of all the facts stated herein, except to those matters stated upon information and belief; as to those matters, I believe them to be true. If called as a witness, I could and would testify competently to the matters set forth below.

2. I currently serve as Director of Grants Administration of the State of Illinois Department of Human Services ("IDHS"). I have held this position since September 16, 2021. Before my hiring as Director of Grants Administration, I served as Budget Officer for the State of Illinois Department of Commerce and Economic Opportunity.

3. As the Director of Grants Administration, I manage the office responsible for implementing and managing IDHS's annual acquisition and management of funds, and its budget

and financial planning processes. I serve as a liaison and subject matter expert on the responsible and transparent use of public funds and all related policy matters. The office has approximately three employees, and a budget of \$675,000.

4. FEMA awarded two grants, EMW-2023-SP-05047 SSP-C and EMW-2024-SP-05096 SSP-A to IDHS under the Shelter and Services Program. IDHS disburses funds received under these grants to Chicago pursuant to contracts between Chicago and Illinois (“Pass-Through SSP Grants”).

5. FEMA awarded SSP-C, a 2023 Pass-Through SSP Grant to IDHS in August 2023 and increased the amount of the grant in December 2023 for a total award of \$19,366,204. The State of Illinois has awarded the full amount of this grant to Chicago.

6. FEMA awarded SSP-A, a 2024 Pass-Through SSP Grant to IDHS in July 2024 for \$9,632,300. The State of Illinois has awarded the full amount of this grant to Chicago.

7. FEMA issued each of the Pass-Through SSP reimbursement grants with a funding hold for the full amount awarded. This meant that before IDHS could receive funds under the Pass-Through SSP Grants, FEMA required IDHS to submit via the FEMA Grants Outcome (FEMA GO) Portal a detailed cost breakdown, justification for the cost items, and required supporting documentation (e.g. a summary chart of the people served, including each migrant’s name, Alien Registration Number, dates of service, and, where available, date of release from DHS custody or the appropriate waiver)” enumerated in the relevant grant’s budget.

8. In collaboration with Chicago, and under my supervision, employees at IDHS submitted budget amendments via the FEMA GO Portal in September 2023, seeking approval to use the 2023 Pass-Through SSP Grant for costs associated with shelter services, and in December

2024 for labor costs associated with providing shelter services. FEMA approved both budget amendments.

9. In support the September 2023 budget amendment, IDHS submitted a budget worksheet presenting costs associated with shelter services and a narrative explaining the need for the budget amendment. In support of the December 2024 budget amendment, IDHS submitted a budget worksheet presenting costs associated with labor to provide shelter services and a narrative explaining the need for the budget amendment.

10. In collaboration with Chicago, and under my supervision, employees at IDHS submitted via the FEMA GO Portal an initial drawdown request under the 2023 Pass-Through SSP Grant in August 2024. In support of this payment request, IDHS submitted the required documentation for FEMA's review: a summary chart of the people served, including each migrant's name, Alien Registration Number, dates of service, and, where available, date of release from DHS custody or the appropriate waiver.

11. FEMA responded by disbursing \$1,760,587.50 to the State in September 2024. The State of Illinois transferred those funds to Chicago.

12. In collaboration with Chicago, and under my supervision, employees at IDHS submitted via the FEMA GO Portal a second drawdown request under the 2023 Pass-Through SSP Grant on January 21, 2025, seeking \$15,054,116.50. This drawdown request sought reimbursement for the cost of paying a vendor for janitorial, security, nursing, and shelter management staff from March to December 2023. To support this request, Chicago provided the required supporting documentation, including a summary list of individuals served, A-numbers, invoices, and proof of payment. FEMA has not disbursed any of the money sought in the January 21 drawdown request.

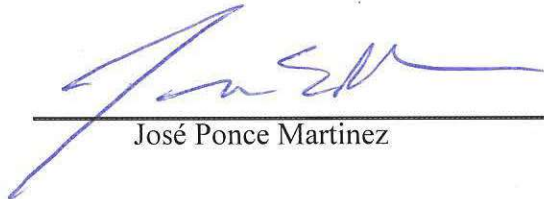
13. Neither Chicago nor Illinois have yet submitted budget amendments or draw requests under the 2024 Pass-Through SSP Grant.

14. On March 12, 2025, IDHS Chief Financial Officer and I received a letter titled "Remedy for Noncompliance Letter, Shelter and Services Program (SSP)," dated March 11. That letter is attached hereto as Exhibit 1.

15. On April 1, 2025, IDHS Chief Financial Officer and I received a letter titled "Termination Notice: Shelter and Services Program Grant Award," dated April 1. That letter is attached hereto as Exhibit 2.

I declare under penalty of perjury under the laws of the United States that, to the best of my knowledge, the foregoing is true and correct.

Executed on June 17th, 2025, at Chicago, Illinois.



José Ponce Martinez

EXHIBIT 1



FEMA

March 11, 2025

Jose Ponce
State of Illinois
100 S Grand Ave E
Springfield, IL 62704

Re: Remedy for Noncompliance Letter, Shelter and Services Program (SSP)

Grant Number: EMW-2023-SP-05047

Period of Performance: March 1, 2023 – September 30, 2025

Award amount: \$19,366,204.00

Grant Number: EMW-2024-SP-05096

Period of Performance: October 1, 2023 – September 30, 2026

Award amount: \$9,632,300.00

Dear Jose Ponce:

The purpose of this letter is to notify you that DHS/FEMA is temporarily withholding payments to your organization for the grant award(s) named above, pursuant to 2 C.F.R. § 200.339(a) and is instituting specific conditions on your award pursuant to 2 C.F.R. § 200.208.

Findings

The Department of Homeland Security has significant concerns that SSP funding is going to entities engaged in or facilitating illegal activities. The Department is concerned that entities receiving payment under this program may be guilty of encouraging or inducing an alien to come to, enter, or reside in the United States in violation of law, 8 U.S.C. § 1324(a)(1)(A)(iv); transporting or moving illegal aliens, *id.* § 1324(a)(1)(A)(ii); harboring, concealing, or shielding from detection illegal aliens, *id.* § 1324(a)(1)(A)(iii); or applicable conspiracy, aiding or abetting, or attempt liability respecting these statutes.

DHS/FEMA is required to administer its grant awards so as to ensure that federal funding is expended and associated programs are implemented in full accordance with the U.S. Constitution, applicable federal statutes, and regulations. 2 C.F.R. § 200.300(a). The terms and conditions of the award allow the Department to institute appropriate remedies for noncompliance which include temporarily withholding payments or suspending or terminating the award for a failure to comply with the conditions of the award or applicable federal statutes. See 2 C.F.R. §§ 200.208; 200.340; and 200.339(a).

Remedy Action(s) and Specific Condition(s)

Non-federal entities receiving financial assistance from DHS/FEMA are required to comply with requirements in the terms and conditions of their awards or subawards, including the terms set forth in applicable federal statutes, regulations, Notice of Funding Opportunities, and policies. Throughout the award lifecycle or even after an award has been closed, DHS/FEMA may discover potential or actual noncompliance on the part of a recipient or subrecipient. This potential or actual noncompliance may be discovered through routine monitoring, audits, closeout, or reporting from various sources. In the case of any potential or actual noncompliance, DHS/FEMA may place special conditions on an award per 2 C.F.R. § 200.208 and § 200.339, DHS/FEMA may place a hold on funds until the matter is corrected, or additional information is provided per 2 C.F.R. § 200.339, or it may do both.

Based on the concerns described above, DHS/FEMA will conduct additional monitoring and review of your award(s) as permitted by the terms and conditions of the award(s) to ensure compliance with all terms and conditions of your award(s). During this time, payments under the grant award(s) will be temporarily held. Further, you are not permitted to incur any additional costs under the grant until notified further by DHS/FEMA.

To assist DHS/FEMA in conducting this review, please respond within 30 days with the following information that your organization has not already submitted to DHS/FEMA:

1. All documents regarding the aliens with whom your organization and your subrecipients and contracts interacted with in carrying out the scope of your SSP award, including their names and contact information; and a detailed and descriptive list of specific services provided, and proof of provision of these services; or
2. A written statement that your organization has already submitted all of the information identified in No. 1, above, to DHS/FEMA.

Additionally, to ensure compliance with all applicable federal laws and regulations in the execution of your SSP award, FEMA will be imposing an additional special condition that requires you, and the executive officers of any subrecipient or contractor that receives funding under the award, to sign an affidavit attesting that you and they have not participated in, and have no knowledge or suspicion that anyone in your or their organizations participated in, any crime cognizable under 8 U.S.C. §§ 1324(a)(1)(A)(iv); 1324(a)(1)(A)(ii); or 1324(a)(1)(A)(iii). Additional details regarding this new requirement will be forthcoming shortly. Upon the conclusion of that monitoring, FEMA will notify you of the results and any other remedies for noncompliance or specific conditions, as appropriate.

Opportunity to Appeal

Your organization has the right to appeal this action within 60 days of the date of this letter. The appeal must include the following information:

1. Grant number(s).
2. Recipient name.
3. A written explanation, on your organization's letterhead, explaining why you believe FEMA's decision to temporarily withhold payments to your organization for the grant

award(s) named above, pursuant to 2 C.F.R. § 200.339(a), or to prohibit your organization from incurring additional costs under the grant, is not correct.

4. Copies of any documents or statements that support your position that FEMA's decision to temporarily withhold payments to your organization for the grant award(s) named above, pursuant to 2 C.F.R. § 200.339(a) is not correct.

Written appeals should be sent directly to FEMA-SSP@fema.dhs.gov.

The FEMA Grant Programs Directorate is available to respond to any questions you may have. Please send all information and communications regarding this notification to FEMA-SSP@fema.dhs.gov.

Sincerely,



Cameron Hamilton
Senior Official Performing the Duties of the
Administrator

EXHIBIT 2

U.S. Department of Homeland Security
Washington, DC 20472



FEMA

April 1, 2025

Jose Ponce
State of Illinois
100 S Grand Ave E
Springfield, IL 62704

Re: Termination Notice: Shelter and Services Program Grant Award

Grant Number: EMW-2023-SP-05047
Award amount: \$19,366,204.00

Grant Number: EMW-2024-SP-05096
Award amount: \$9,632,300.00

Dear Jose Ponce:

This letter serves as official notice that the Department of Homeland Security (DHS)/Federal Emergency Management Agency (FEMA) is terminating your Shelter and Services Program (SSP) grant awards identified above, effective immediately. DHS/FEMA is making this termination pursuant to the terms and conditions of the grant awards. These terms and conditions include the SSP Notice of Funding Opportunity (NOFO) that applies to your grant and 2 C.F.R. § 200.340(a)(2) (2020), which authorizes DHS/FEMA to terminate your awards "to the greatest extent authorized by law, if an award no longer effectuates the program goals or agency priorities."

Your agency received the grant awards identified above to carry out the purposes of the SSP identified in the awards' respective NOFOs. The Department, consistent with President Trump's direction, is focused on advancing the essential mission of enforcing immigration laws and securing the border. Consequently, grant programs that support, or have the potential to support, illegal immigration through funding illegal activities or support for illegal aliens that is not consistent with DHS's enforcement focus do not effectuate the agency's current priorities. The previous agency priorities under the FYs 2023 and 2024 SSP were to provide funding to non-federal entities to provide shelter, food, transportation, acute medical care, and personal hygiene supplies for individuals released from DHS short-term holding facilities. The individuals receiving these services often have no legal status and are in the United States unlawfully, such as those awaiting removal proceedings. This, in turn, provides support for illegal aliens and is not consistent with DHS's current priorities. For these reasons, DHS/FEMA is terminating your awards.

In accordance with the terms of your awards, including 2 C.F.R. §§ 200.344-345 (2020), you must complete all closeout procedures. This includes, among other things, submitting all financial, performance, and other required reports within 120 calendar days from the date of this letter and promptly refunding any funding paid to date that exceed the amount set forth in your final federal

Notice of Grant Award Termination: Shelter and Services Program
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financial report. FEMA previously issued a Remedy of Noncompliance Letter on March 11, 2025, informing you that you were not permitted to incur any additional costs under the awards until further notice from DHS/FEMA. This means that, during the closeout process, your final federal financial report must include all allowable costs incurred before the date of the Remedy of Noncompliance Letter but must not include costs incurred after the date of that Remedy of Noncompliance Letter.

FEMA will review all closeout documentation in accordance with 2 C.F.R. § 200.344. As part of its review, FEMA will determine the final allowable costs for your awards. This will include evaluating whether all submitted costs incurred before the date of the Remedy of Noncompliance Letter are necessary, allocable, and reasonable. FEMA will notify you of the final allowable costs for the awards and, if the payments made exceed the final allowable costs, you will need to promptly refund the difference. If, on the other hand, FEMA determines that the total allowable costs exceed the amount paid to date, then FEMA will make a final payment for that difference. FEMA will close the awards when it determines that all administrative actions and required work have been completed. Closeout will not affect DHS/FEMA's ability to later disallow costs and recover funds for the grant awards based on any later post-closeout audit or review.

If you wish to object to the termination of this award, you may challenge the termination in writing and provide any information or documentation relevant to your challenge. You must submit any written objections no later than 30 days of this letter. There will be no other opportunity to appeal this action to Department of Homeland Security.

The FEMA Grant Programs Directorate is available to respond to any questions you may have. Please send all information and communications regarding this notification to FEMA-SSP@fema.dhs.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "C. Hamilton", is written over the word "Sincerely,".

Cameron Hamilton
Senior Official Performing the Duties of the
Administrator